

CONFORMED COPY

CREDIT NUMBER 3091 GH

Development Credit Agreement

(Natural Resource Management Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 2, 1998

CREDIT NUMBER 3091 GH

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 2, 1998, between REPUBLIC OF GHANA (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Association has received a letter dated April 30, 1998 from the Borrower describing a program of actions, objectives and policies designed to promote sustainable use of its national land, forest and wildlife resources (the Program) and declaring the Borrower's commitment to the execution of the Program;

(B) the Borrower has requested that the Association support its execution of the Program through a series of Credits over a period of ten years, the proceeds of such Credits to be utilized by the Borrower for implementing the Program;

(C) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, which Project forms the first phase of the Program, has requested the Association to assist in the financing of the Project;

(D) the Borrower intends to obtain, or has obtained, from various Donors (as hereinafter defined) loans and grants to assist in financing the Program;

(E) the Borrower has also requested the International Bank for Reconstruction and Development (the Bank), acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the Global Environment Facility

Trust Fund (GEF Trust Fund) by certain members of the Bank as participants to the GEF, to provide additional assistance towards the financing of part of the Project, and by the Global Environment Facility Trust Fund Grant Agreement (GEF Trust Fund Grant Agreement) of even date herewith, the Bank is agreeing to provide such assistance in an aggregate principal amount equivalent to SDR 6,500,000; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower in support of the first phase of the Program upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

#### ARTICLE I

##### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph 12 is added to Section 2.01 to read as set forth below, and the existing paragraphs 12 through 14 of said Section are accordingly renumbered as paragraphs 13 through 15:

"12. 'Participating Country' means any country that the Association determines meets the requirements set forth in Section 10 of Resolution No. 183 of the Board of Governors of the Association, adopted on June 26, 1996; and 'Participating Countries' means, collectively, all such countries."

(b) The second sentence of Section 5.01 is modified to read:

"Except as the Borrower and the Association shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a Participating Country or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings:

(a) "EPA" means the Borrower's Environmental Protection Agency established pursuant to the Environmental Protection Agency Act, (Act Number 490 of 1994) of the laws of the Borrower;

(b) "FD" means the Borrower's Forestry Department within its Ministry of Lands and Forestry;

(c) "GFS" means the Ghana Forest Service to be established pursuant to Section 6.01 (d) of this Agreement;

(d) "MEST" means the Borrower's Ministry of Environment, Science and Technology;

(e) "MLGRD" means the Borrower's Ministry of Local Government and Rural Development;

(f) "MLF" means the Borrower's Ministry of Lands and Forestry;

(g) "MME" means the Borrower's Ministry of Mines and Energy;

(h) "MOFA" means the Borrower's Ministry of Food and Agriculture;

(i) "PCC" means Project Coordination Committee to be established by the Borrower and referred to in paragraph 1 (a) of Schedule 4 to this Agreement;

(j) "PCU" means the Project Coordinating Unit established by the Borrower and referred to in paragraph 1 (b) of Schedule 4 to this Agreement;

(k) "PIP" means the Project implementation plan adopted by the Borrower pursuant to Section 6.01 (a) of this Agreement, containing detailed arrangements regarding the implementation of the Project, as the same may be amended from time to time, in consultation with and with the consent of the Association, and such term includes any schedules to the Project implementation plan;

(l) "Project Preparation Advance" means the Project preparation advance granted by the Association to the Borrower pursuant to an exchange of letters dated November 15, 1996 and January 17, 1997 between the Borrower and the Association;

(m) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(n) "WD" means the Wildlife Department within MLF;

(o) "National Biodiversity Strategy" means the strategy to be adopted by the Borrower pursuant to Section 6.01 (e) of this Agreement, which defines actions to be taken for the purpose of protecting and conserving the biodiversity of its natural resources;

(p) "Forest Protection Strategy" means the strategy adopted by the Borrower in 1995 which identifies priority areas for conservation of genetic resources within the forest reserves and outlines a strategic approach for maintaining examples of natural assemblages within the high forest zone;

(q) "Globally Significant Biodiversity Areas" means gazetted forest reserves or parts thereof that have been identified for protection and exclusion of logging to conserve rare, threatened or endangered flora and fauna, or exceptional examples of rare or unique ecosystems;

(r) "Savanna Resource Management Center" means the center referred to in Part B.1 of Schedule 2 to this Agreement; and

(s) "Donors" means, collectively, the African Development Bank, the Kingdom of Denmark, the European Union, the Kingdom of the Netherlands, the United Kingdom of Great Britain, the World Food Program, Germany and any other national or international agency contributing funds or technical assistance for the Program, and "Donor" means each and every donor individually.

## ARTICLE II

### The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to six million, nine hundred thousand Special Drawing Rights (SDR 6,900,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in US dollars a special deposit account in a commercial bank or any other bank acceptable to the Association on terms and conditions satisfactory to the Association, including, in the case of a commercial bank, appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in

accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advance withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advance shall thereupon be canceled.

Section 2.03. The Closing Date shall be September 30, 2000 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1, commencing December 1, 2008 and ending June 1, 2038. Each installment to, and including the installment payable on, June 1, 2018 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and

outstanding from time to time, provided that, in the judgement of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, forestry, environmental and technical practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the implementation program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works, and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

### ARTICLE IV

#### Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, records and accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(a) of this (i) maintain or cause to be maintained, in accordance with paragraph Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Association's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

#### ARTICLE V

##### Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) A situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) (i) Subject to subparagraph (ii) of this paragraph: (A) the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional event is specified, namely that the event specified in paragraph (b) (ii) (B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (b) (ii) of that Section.

#### ARTICLE VI

##### Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Borrower has adopted a Project implementation plan, in form and substance acceptable to the Association;

(b) the Borrower has established a financial management system for the Project acceptable to the Association;

(c) the Borrower has approved appropriate legislation which provides for the establishment of rates for timber royalties, satisfactory to the Association;

(d) the Borrower has presented to its Parliament legislation, satisfactory to the Association, for the establishment of the Ghana Forest Service;

(e) the Borrower has adopted the National Biodiversity Strategy in form and substance satisfactory to the Association; and

(f) all conditions precedent to the effectiveness of the GEF Trust Fund Grant, other than those related to the effectiveness of this Agreement, have been fulfilled.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

#### ARTICLE VII

##### Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance  
Ministry of Finance  
P.O. Box M.40  
Accra, Ghana

Cable address:

ECONOMICON  
ACCRA

Telex:

2205 MIFAEPPH

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GHANA

By /s/ Koby Koomson

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ James W. Adams

Acting Regional Vice President  
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Civil works	500,000	100% of foreign expenditures and 85% of local expenditures
(2) Goods (including equipment and vehicles)	1,350,000	100% of foreign expenditures and 85% of local expenditures
(3) Consultants' services and training	1,700,000	100%
(4) Incremental operating costs:		75%
(a) for GFS	1,700,000	
(b) for others	800,000	
(5) Refunding of Project Preparation Advance	500,000	Amount due pursuant to Section 2.02 (c) of this Agreement
(6) Unallocated	350,000	
TOTAL	6,900,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term "incremental operating costs" means expenditures incurred on



account of Project implementation, management and monitoring including office consumables (including communication expenses), staff travel and associated subsistence allowances, salaries for incremental contractual and temporary staff, salaries for temporary staff transferred to the Savanna Resource Management Center from FD, office rental, office supplies and maintenance, and fuel and maintenance for vehicles and equipment, but excluding salaries of the Borrower's civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (i) works and goods under contracts not exceeding \$100,000 equivalent, (ii) consultants' services (firms) under contracts not exceeding \$100,000 equivalent, (iii) consultants' services (individuals) under contracts not exceeding \$50,000 equivalent, and (iv) training and operating costs under such terms and conditions as the Association shall specify by notice to the Borrower.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are to: (a) promote sustainable use of the Borrower's national land, forest and wildlife resources; and (b) better conserve the rich biodiversity of its forests.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: High Forest Resource Management

1. Designing and implementing sectoral policy and institutional reforms to improve forest management systems and enhance revenue collection from the forest sector through the provision of technical advisory services, civil works and equipment.
2. Improvement of the operational capacity of private sector producer associations, nongovernmental organizations and community-based organizations to enable them to carry out timber production, harvesting and processing operations in an efficient and environmentally sustainable manner through the provision of technical advisory services and training.
3. Strengthening the capacity of the Borrower's forestry institutions in the monitoring of timber utilization contracts, timber exports and the collection of revenues through the installation of a log tracking system and the provision of technical advisory services and training.
4. Carrying out a log export ban study.
5. Preparation of: (a) a national forestry plan, and (b) forestry reserve management plans, all through the provision of technical advisory services.
6. Initiating pilot projects to explore collaborative approaches to forest management through the provision of technical advisory services and the acquisition of equipment.
7. Establishment of a central bushfire detection system and initiation of green fire-break programs in forest reserves.
8. Developing new non-timber forest production systems through the provision of technical advisory services and training.
9. Establishing an institutional framework for the creation and maintenance of forest resources off-reserves through the provision of technical advisory services and training.
10. Developing a financing mechanism for private sector plantation development,

including the preparation of a legal framework and operating policies and procedures, through the provision of technical advisory services.

11. Developing a decentralized private sector tree seed distribution system, including the establishment of a seed bank, through the provision of technical advisory services and training.

Part B: Savanna Resource Management

1. Establishment of a Savanna Resource Management Center in Tamale through the provision of advisory services, civil works and equipment.

2. Carrying out an assessment of natural resources of the savanna zone.

3. Carrying out surveys of watershed off-reserve areas and designing measures to rehabilitate watershed resources.

4. Initiation of: pilot initiatives to improve woodland reserve management and revenue generation with increased local community involvement; collaborative programs to rehabilitate off-reserve degraded areas, all through the provision of technical advisory services, training and the acquisition of equipment.

5. (a) Carrying out a survey of woodfuel markets, including organizing a national woodfuel workshop.

(b) Improving the marketing capabilities of fuelwood and charcoal producers through training and the acquisition of equipment.

6. Preparation of a national action program to combat desertification.

7. Improving the technical and operational capacities of the private sector in establishing community nurseries through the development of infrastructure, construction of watering systems, provision of potting facilities and acquisition of equipment.

8. Carrying out public awareness programs on the management of bush fires through training and holding of workshops for the public.

Part C: Wildlife Resource Management

1. Strengthening the capacities of WD to enhance the economic and social sustainability of wildlife management programs and to foster closer collaboration between the WD and rural communities, the private sector and nongovernmental organizations through the provision of technical advisory services and training, the carrying out of civil works and the acquisition of equipment.

2. Carrying out a program to assist the WD to revise all protected area management plans and to prioritize its infrastructure development plans through the provision of technical advisory services and training.

3. Development of extension capacity within WD to support district and community-level wildlife conservation and management activities through the provision of technical advisory services and training.

4. Promotion of private sector capacity development and involvement in wildlife-related economic activities through the provision of technical advisory services and training.

5. Carrying out public awareness programs to improve understanding and support for wildlife conservation and management by the public.

6. Training of WD staff in wildlife conservation measures.

Part D: Environmental Management Coordination

1. Implementation of EPA's five-year strategic plan for environmental management coordination through the provision of technical advisory services.

2. Implementing of EPA's human resource development plan through the provision of technical advisory services and training.
3. Strengthening the capacity of district-level environmental management committees to prepare environmental action plans for their respective districts and to participate in district-level land use planning through the provision of technical advisory services and training.
4. Establishment of regional and district environmental information systems and a geo-spatial information framework through the provision of technical advisory services, training and the acquisition of equipment.

Part E: Biodiversity Conservation

1. Establishment of a biodiversity advisory group in MLF through the provision of technical advisory services.
2. Implementation of key elements of the National Forest Protection Strategy and the National Biodiversity Strategy, including (a) strengthening the biological conservation and management capacity of the FD; (b) initiating pilot activities to generate revenues from activities other than logging; and (c) strengthening the capacity of FD in community-based participatory management practices and implementing improved technical management practices to enhance the environmental sustainability of production and forest management, through the provision of technical advisory services, training, the carrying out of civil works and the acquisition of equipment.
3. Carrying out baseline surveys to identify and demarcate Globally Significant Biodiversity Areas.
4. Carrying out a program to identify and demarcate provenance reserves within the production forest reserves.

\* \* \*

The Project is expected to be completed by May 31, 2000.

SCHEDULE 3

Procurement

Section I. Procurement of Good and Works

Part A: General

1. Goods and works shall be procured in accordance with: (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Guidelines), and (b) the provisions of the following Parts of this Section I.

2. In paragraphs 1.6 and 1.8 of the Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country."

Part B: International Competitive Bidding

Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

Part C: Other Procurement Procedures

1. Limited International Bidding

Goods estimated to cost less than \$350,000 equivalent per contract, up to an

aggregate amount not to exceed \$1,000,000 equivalent, and goods which the Association agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

## 2. National Competitive Bidding

(i) Goods estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(ii) Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$970,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

## 3. National Shopping

Goods estimated to cost less than \$40,000 equivalent per contract, up to an aggregate amount not to exceed \$300,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Community Participation Works required for Part C.1 of the Project shall be procured in accordance with procedures acceptable to the Association.

## Part D: Review by the Association of Procurement Decisions

### 1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association and with the provisions of said paragraph 1.

### 2. Prior Review

With respect to each contract for goods and works estimated to cost the equivalent of \$ 100,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

### 3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

## Section II. Employment of Consultants

### Part A: General

1. Consultants' services shall be procured in accordance with: (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

2. In paragraph 1.10 of the Consultant Guidelines, the references to "Bank member countries" and "member country" shall be deemed to be references, respectively, to "Participating Countries" and "Participating Country."

### Part B: Quality- and Cost-Based Selection

Consultants' services shall be procured under contracts awarded in accordance

with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. (a) (i) The Borrower shall, not later than September 30, 1998, establish and thereafter maintain a Project Coordinating Committee (PCC) under the chairmanship of the Technical Director of MLF. The PCC shall have the responsibility to review, on a quarterly basis, proposed work programs and budgets, monitor implementation performance and foster inter-agency and inter-ministerial cooperation in the management of the Borrower's natural resources. Members of the PCC shall include representatives, at the director level, from the following ministries: MLF, MOFA, MEST, MLGRD and MME, and their implementing agencies and representatives of private sector organizations, nongovernmental organizations and academic institutions and Donors.

(ii) The Borrower shall, or shall cause the PCC, beginning on December 31, 1998, to prepare and furnish to the Association for its review and comments, a progress report every quarter on Project implementation. Following such report, the Borrower shall continue the implementation of the Project, taking into account the views of the Association given pursuant to such progress reports.

(b) The Borrower shall continue to maintain the Project Coordinating Unit (PCU) within MLF, which shall have overall responsibility for Project management and coordination, including the preparation of the annual work plans, budgeting and finance, maintenance of a proper financial management and accounting system for the Project, preparation of bidding documents and monitoring of the overall procurement process, management of technical assistance activities and the preparation of a Project completion report. The PCU shall continue to be headed by the Technical Director of MLF.

2. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about June 30, 1999, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by September 30, 1999, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

3. The Borrower shall carry out the Project in accordance with procedures set forth in the PIP and, except as the Association shall otherwise agree, not amend or waive any provision thereof if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.

4. The Borrower shall carry out all actions required under the environmental management plan to mitigate and compensate for the impacts that have been identified through the environmental impact assessment.

5. In carrying out Part C of the Project, the Borrower shall, not later than March 31, 1999, establish a Savanna Resource Management Center (SRMC) with staff seconded from MLF, MOFA, EPA and MME, as appropriate, which shall work closely with district assemblies. The SRMC shall be responsible for carrying out the functions specified in the Project implementation plan.

#### SCHEDULE 5

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$750,000 to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$500,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 2,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish

to the Association a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the eligible Categories, and in the equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into the Special Account shall be made until the

Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

